

Message Text

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21

ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-07 COME-00 TRSE-00 OMB-01

AID-05 IGA-02 XMB-04 CIAE-00 INR-07 NSAE-00 /043 W

----- 045926

R 131125Z APR 76

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 5002

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

UNCLAS ISLAMABAD 3713

E.O. 11652: N/A

TAGS: EINV

SUBJ: OPIC POLITICAL RISK CONVERTIBILITY INSURANCE

REF: STATE A-1424

1. AMERICAN INVESTORS IN PAKISTAN HAVE TOLD US THAT THEY NORMALLY EXPERIENCE NO SIGNIFICANT DELAYS IN REPATRIATING PROFITS FOR PAYMENT OF DIVIDENDS. ESTIMATES OF THE "NORMAL" TIME REQUIRED FOR APPROVAL OF REMITTANCES RANGE FROM A FEW DAYS TO A MONTH OR TWO. ONE US BANK BRANCH HAS SAID THAT IT OCCASIONALLY CAN TAKE AS LONG AS 90 DAYS FOR DIVIDEND REMITTANCE APPLICATIONS TO BE APPROVED. THE GENERAL SLOWNESS OF THE BUREAUCRACY SEEMS TO BE THE PRIMARY REASON FOR DELAYS WHEN THEY OCCUR. REMITTANCES WHICH ARE RELATIVELY LARGE COMPARED TO THE INVESTMENT OCCASIONALLY RECEIVE CLOSER THAN USUAL STATE BANK SCRUTINY. SIMILARLY, REMITTANCES BY FIRMS WHICH ARE BRANCHES OF US FIRMS SOMETIMES TAKE A BIT LONGER THAN REMITTANCES FROM FIRMS INCORPORATED IN PAKISTAN. NONE OF THE AMERICAN COMPANIES WE TALKED TO COULD RECALL ANY APPLICATION FOR REMITTANCE HAVING BEEN DENIED, AND NONE REGARDED DELAYS IN PROCESSING DIVIDEND PAYMENTS AS A PROBLEM.

2. WE HAVE HEARD THAT APPROVAL OF PAYMENTS TO US PARENT COMPANIES FOR TECHNICAL SERVICES AND KNOW-HOW, OR FOR UNCLASSIFIED

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HEAD OFFICE EXPENSES. CAN TAKE LONGER THAN APPROVAL FOR

REMITTANCES OF DIVIDENDS OR PROFITS. WE DO NOT KNOW
WHETHER SUCH PAYMENTS WOULD NORMALLY BE COVERED BY OPIC
CONVERTIBILITY INSURANCE.

3. EMBASSY HAS REPORTED ON THE IMPACT OF OIL PRICE IMPORTS
ON THE PAKISTAN BALANCE OF PAYMENTS (SEE ESPECIALLY
ISLAMABAD 619). ALTHOUGH PAKISTAN'S TRADE GAP IS A CAUSE
FOR SOME CONCERN, WE DO NOT BELIEVE THAT IT WILL LEAD THE
GOP TO CHANGE ITS POLICY OR PROCEDURES ON REMITTANCES.

4. WOULD APPRECIATE OPIC'S ADVISING US IF IT INTENDS TO
ALTER STANDARD LANGUAGE IN INSURANCE CONTRACTS FOR
INVESTMENTS IN PAKISTAN BASED ON THE FOREGOING.

5. THIS MESSAGE DRAWS ON INFORMATION DEVELOPED BY CONGENS
KARACHI AND LAHORE.
BYROADE

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NNN

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